



Greater Giyani Municipality
Annual financial statements
for the year ended 30 June 2014

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2014

General Information

Legal form of entity	Local Municipality
Executive committee	
Mayor	MP Hlungwani
Speaker	NM Maswanganyi
Chief Whip	JT Chavalala
Councillors	XJ Baloyi
	NR Khandlhela
	GA Maluleke
	KA Manganyi
	NHP Ndaba
	NM Rikhotso
	MQ Rikhotso
	TE Baloyi
	MA Makamu
	WW Mhlono
	HH Makhubele
	W Baloyi
	HR Shivambu
	MJ Ndlovu
	SS Mathebula
	TA Makhubele
	M Shiviti
	MJ Mathebula
	PP Makhubele
	BM Makhubele
	MI Shimange
	MT Sambo
	HI Baloyi
	HD Shivambu
	JH Bilankulu
	B Gaveni
	ZR Maswanganyi
	TC Zitha
	TJ Moshwana
	S Makhubele
	TR Maluleke
	RO Mabasa
	AM Mthombeni
	GE Kobane
	HJ Manganyi
	SS Maswanganyi
	C Modjela
	MJ Makhubele
	DE Baloyi
	PY Matukane
	MG Makhubele
	NP Mhlono
	MD Hlungwani
	GE Sithole

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General Information

	TC Manganyi
	TN Mavasa
	MS Maswanganyi
	SH Vukeya
	MP Makhubele
	MW Mthombeni
	AM Ngobeni
	HB Ntimana
	A Rikhotso
	SH Fuela
	PP Mkhari
	BM Khosa
	EN Mabunda
Audit committee members	TC Modipane - Chairperson
	FJ Mudau
	HG Hlomane
	SAB Ngobeni
	SST Khulong
Grading of local authority	Grade 3
Chief Finance Officer (CFO)	RH Maluleke
Accounting Officer	NS Hoesane
Business address	BA 59 Civic centre CBD Giyani
Postal address	Private X9559 GIYANI 0826
Bankers	ABSA Giyani Branch
Auditors	Auditor General of South Africa
Provincial Treasury	M Maeta
Website	www.greatergiyani.gov.za
Enabling legislation	The Division of Revenue Act of 2011 The Constitution of the Republic of South Africa The Municipal Finance Management Act 56 of 2003 The Municipal Systems Act 32 of 2000

Greater Giyani Municipality

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Abbreviations

GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
SALGA	South African Local Government Association
UIF	Unemployment Insurance Fund
MDM	Mopane District Municipality

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Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2015 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the service charges and grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the Greater Giyani Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The annual financial statements set out on pages 5 to 56, which have been prepared on the going concern basis, were approved by the accounting officer on 29 August 2014 and were signed on its behalf by:

NS Hoaeane
Accounting Officer
Greater Giyani Municipality

29 August 2014

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2014.

The Financial year 2013/2014 could be regarded as a period for reconstruction of the administration of Greater Giyani Municipality, especially since the Municipality was recovering from operating without some key personnel in the previous year; however, be that as it may, a lot in terms of implementation has been achieved in this period.

Having regard to the developmental nature of the local government, the municipality has continued to put premium value on public participation. The views of the stakeholders are and will always be central in accelerating service delivery. Public participation was more than listening as it was effecting changes to Integrated Development Plans (IDP) when such a call was made. It is always important to frequently keep the community abreast of the performance of the municipality against its targets.

The challenges facing the Municipality are therefore to successfully implement its Strategic documents namely the IDP and to improve on the audit status so that we are able to realise the 2015 goal of having clean audit. To realise the above there is a need for more emphasis and implementation of the AGSA's recommendations and strengthening systems of Internal control.

The Municipality largely depends on grants, with a low revenue base with a wide scale of rural areas with major issues such as poverty, inequality, housing, mobility, crime and unemployment. Greater Giyani remains a remarkable Municipality with incredible natural beauty, places and people, all to the rich tapestry of heritage, history and culture that make Greater Giyani the attraction that is.

The appointment of the Municipal Public Accounts Committee (MPAC) and fully capacitating Internal Audit unit and Risk Management have assisted the Municipality in ensuring that Internal financial management control measures are improved and effective.

The Annual Report highlights the policies, programmes and achievements that brought the Municipality to a point which one can proudly proclaim with confidence that today is better than yesterday and tomorrow looks much brighter than today. Financial statements are prepared in-house and according to GRAP standards.

Subsequent events

The contract of the Accounting Officer came to an end on the 31st of July 2014. The acting accounting officer was soon appointed by the council on the 7th of August 2014.

Going concern

Based on current financial analysis by the management, the financial statements is prepared with assumption that the municipality will operate in the next coming 12 months.

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2014

Statement of Financial Position as at 30 June 2014

Figures in Rand	Note(s)	2014	2013
Assets			
Current Assets			
Inventories	3	603 684	258 660
Trade and other receivables	4	2 726 789	1 516 239
Consumer debtors	5	5 486 640	12 664 775
Cash and cash equivalents	6	86 643 612	84 821 633
		95 460 725	99 261 307
Non-Current Assets			
Property, plant and equipment	7	257 376 598	209 053 673
Total Assets		352 837 323	308 314 980
Liabilities			
Current Liabilities			
Finance lease obligation	8	784 171	1 064 661
Trade and other payables (from non-exchange transactions)	9	29 124 012	25 053 576
VAT payable	10	1 431 780	3 110 743
Unspent conditional grants	11	2 715 937	12 227 227
		34 055 900	41 456 207
Non-Current Liabilities			
Retirement benefit obligation	12	17 062 412	11 446 599
Total Liabilities		51 118 312	52 902 806
Net Assets		301 719 011	255 412 174
Accumulated surplus	13	301 719 011	255 412 174

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2014

Statement of Financial Performance

Figures in Rand	Note(s)	2014	2013
Revenue			
Revenue from exchange transactions			
Service charges	14	3 830 578	3 932 359
Rental of facilities and equipment	17	838 777	773 743
Income from agency services		324 657	398 433
Licences and permits		3 683 193	4 098 302
Other income	18	1 221 746	1 175 557
Interest received	23	13 077 310	12 722 095
Total revenue from exchange transactions		22 976 261	23 100 489
Revenue from non-exchange transactions			
Taxation revenue			
Fines		71 373	82 425
Property rates	15	27 155 717	28 318 113
Transfer revenue			
Government grants & subsidies	16	216 010 928	171 303 150
Total revenue from non-exchange transactions		243 238 018	199 703 688
Total revenue		266 214 279	222 804 177
Expenditure			
Employee related costs	20	(89 400 042)	(72 402 865)
Remuneration of councillors	21	(16 980 056)	(16 650 181)
Depreciation and amortisation	24	(22 503 056)	(20 205 719)
Finance costs	25	(514 286)	(278 387)
Debt impairment	22	(28 449 727)	(28 771 352)
Repairs and maintenance		(14 690 113)	(4 173 608)
Contracted services	27	(426 898)	(308 095)
General expenses	19	(46 943 264)	(38 999 417)
Total expenditure		(219 907 442)	(181 789 624)
Surplus for the year		46 306 837	41 014 553

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2014

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2012	214 397 621	214 397 621
Changes in net assets		
Surplus for the year	41 014 553	41 014 553
Total changes	41 014 553	41 014 553
Balance at 01 July 2013	255 412 174	255 412 174
Changes in net assets		
Surplus for the year	46 306 837	46 306 837
Total changes	46 306 837	46 306 837
Balance at 30 June 2014	301 719 011	301 719 011
Note(s)	13	

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2014

Cash Flow Statement

Figures in Rand	Note(s)	2014	2013
Cash flows from operating activities			
Receipts			
Cash received from trade services, assessment rates and rental		15 102 199	802 636
Grants		206 499 638	172 501 850
Interest income		13 077 310	12 722 095
Other receipts		731 884	5 118 290
		<u>235 411 031</u>	<u>191 144 871</u>
Payments			
Employee costs		(99 001 854)	(86 542 860)
Suppliers		(62 966 423)	(38 913 806)
Finance costs		(514 286)	(278 387)
		<u>(162 482 563)</u>	<u>(125 735 053)</u>
Net cash flows from operating activities	28	<u>72 928 452</u>	<u>65 409 818</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	7	<u>(70 825 983)</u>	<u>(43 588 392)</u>
Cash flows from financing activities			
Finance lease payments		<u>(280 490)</u>	<u>1 064 661</u>
Net increase in cash and cash equivalents		<u>1 821 979</u>	<u>22 886 087</u>
Cash and cash equivalents at the beginning of the year		84 821 633	62 000 884
Cash and cash equivalents at the end of the year	6	<u>86 643 612</u>	<u>84 886 971</u>

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2014

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	32 500 000	(545 438)	31 954 562	31 034 620	(919 942)
Rental of facilities and equipment	712 641	12 307	724 948	751 571	26 623
Interest received - overdue accounts	35 000	11 465 000	11 500 000	7 293 177	(4 206 823)
Income from agency services	400 000	-	400 000	324 657	(75 343)
Licences and permits	5 300 000	(273 000)	5 027 000	3 683 193	(1 343 807)
Traffic fines	100 000	(53 500)	46 500	41 298	(5 202)
Other income	3 328 606	5 895 730	9 224 336	12 652 578	3 428 242
Government grants	211 074 000	7 714 610	218 788 610	216 010 928	(2 777 682)
Interest received - investment	5 000 000	200 000	5 200 000	5 784 133	584 133
Total revenue from exchange transactions	258 450 247	24 415 709	282 865 956	277 576 155	(5 289 801)

Expenditure

Personnel	81 753 926	1 486 327	83 240 253	83 572 032	331 779
Remuneration of councillors	18 446 137	(2 286 166)	16 159 971	15 920 022	(239 949)
Depreciation and amortisation	19 722 000	9 278 000	29 000 000	373 778	(28 626 222)
Finance costs	200 000	314 351	514 351	514 286	(65)
Debt impairment	16 910 981	10 089 019	27 000 000	28 449 727	1 449 727
Repairs and maintenance	10 682 581	12 830	10 695 411	10 694 405	(1 006)
Contracted Services	732 536	(305 136)	427 400	426 898	(502)
General Expenses	39 390 874	5 845 798	45 236 672	42 590 601	(2 646 071)
Total expenditure	187 839 035	24 435 023	212 274 058	182 541 749	(29 732 309)
Surplus before taxation	70 611 212	(19 314)	70 591 898	95 034 406	24 442 508

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Annual Financial Statements for the year ended 30 June 2014

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
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Figures in Rand

Statement of Financial Position

Assets

Current Assets

Inventories	2 222 000	-	2 222 000	603 684	(1 618 316)
Trade and other receivables	42 216 000	-	42 216 000	2 726 789	(39 489 211)
Consumer debtors	33 442 000	-	33 442 000	5 486 640	(27 955 360)
Cash and cash equivalents	68 718 682	-	68 718 682	86 643 612	17 924 930
	146 598 682	-	146 598 682	95 460 725	(51 137 957)

Non-Current Assets

Property, plant and equipment	367 499 000	-	367 499 000	257 376 598	(110 122 402)
Total Assets	514 097 682	-	514 097 682	352 837 323	(161 260 359)

Liabilities

Current Liabilities

Finance lease obligation	-	-	-	784 171	784 171
Trade and other payables (from non-exchange transactions)	55 497 000	12 227 228	67 724 228	29 124 011	(38 600 217)
VAT payable	-	-	-	1 431 781	1 431 781
Unspent conditional grants	-	-	-	2 715 937	2 715 937
	55 497 000	12 227 228	67 724 228	34 055 900	(33 668 328)

Non-Current Liabilities

Retirement benefit obligation	-	-	-	17 062 412	17 062 412
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Total Liabilities	55 497 000	12 227 228	67 724 228	51 118 312	(16 605 916)
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Net Assets	458 600 682	(12 227 228)	446 373 454	301 719 011	(144 654 443)
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Net Assets

Net Assets Attributable to Owners of Controlling Entity

Reserves

Accumulated surplus	458 600 682	(12 227 228)	446 373 454	301 719 010	(144 654 444)
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Total Net Assets	458 600 682	(12 227 228)	446 373 454	301 719 010	(144 654 444)
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Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2014

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Figures in Rand					

Cash Flow Statement

Cash flows from operating activities

Receipts

Grants	211 074 000	7 714 610	218 788 610	216 010 928	(2 777 682)
Interest income	5 000 000	200 000	5 200 000	5 784 133	584 133
Other receipts	29 376 247	16 719 537	46 095 784	48 163 259	2 067 475
	245 450 247	24 634 147	270 084 394	269 958 320	(126 074)

Payments

Employee costs	100 200 063	(799 839)	99 400 224	99 492 055	91 831
Suppliers	50 805 991	5 553 492	56 359 483	53 711 904	(2 647 579)
Finance costs	200 000	314 351	514 351	514 286	(65)
	151 206 054	5 068 004	156 274 058	153 718 245	(2 555 813)

Net cash flows from operating activities

	94 244 193	19 566 143	113 810 336	116 240 075	2 429 739
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Cash flows from investing activities

Capitalised development costs	90 333 211	9 258 687	99 591 898	-	(99 591 898)
Net increase/(decrease) in cash and cash equivalents	3 910 982	10 307 456	14 218 438	116 240 075	102 021 637
Cash and cash equivalents at the beginning of the year	20 000 000	76 896 819	96 896 819	-	(96 896 819)
Cash and cash equivalents at the end of the year	23 910 982	87 204 275	111 115 257	116 240 075	5 124 818

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003) and MFMA Circulars as issued by National Treasury.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period, unless explicitly stated otherwise.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Loans and receivables

The municipality assesses its trade receivables, and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

Useful lives of property, plant and equipment

The municipality's management determines the estimated useful lives and related depreciation charges for the assets. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 12.

Effective interest rate

The municipality used the most relevant contractual risk rate applicable to each category of assets and liabilities to discount future cash flows. Where none exists the prime interest rate is used to discount future cash flows.

Debtors impairment

The provision for impairment is measured with reference to historical data and payment trend analysis per group of consumers and/or category. An impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

Recognition

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Initial measurement

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or assets, or a combination of assets and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent measurement

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.4 Property, plant and equipment (continued)

Property, plant and equipment is depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings	30
Plant and equipment	5 - 13
Motor vehicles	7 - 14
Office equipment	8
IT equipment	6 - 8
Computer and accessories	3 - 9
Roads, pavement, bridges and storm water	10 - 30
Community halls	30
Security measures	3 - 10
Libraries	30
Car parks, bus terminals and taxi ranks	20
Street lighting	20 - 25
Refuse site	30
Fire services	30
Clinics	30
Cemeteries	30
Park and garden	10 - 30
Street names, signs and parking meters	5
Sport fields	10 - 30
Specialised vehicles	15
Housing	30
Furniture and fittings	5 - 8
Office machines	5 - 8
Air conditioners	5 - 8
Other equipments	5 - 18

Land is not depreciated as it is deemed to have an indefinite useful life.

The residual value, the useful life and depreciation method of each asset are reviewed at least at of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use or disposal of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.5 Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Consumer debtors	Financial asset measured at amortised cost
Other receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Finance lease obligation	Financial liability measured at amortised cost
Trade and other payables (from non-exchange transactions)	Financial liability measured at amortised cost

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Accounting Policies

1.5 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Reclassification

The municipality does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The municipality assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly. The amount of the loss is recognised in surplus or deficit.

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Accounting Policies

1.5 Financial instruments (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Accounting Policies

1.5 Financial instruments (continued)

Derecognition

Financial assets

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the municipality transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the municipality has retained substantially all the risks and rewards of ownership of the transferred asset, the municipality continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the municipality recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The municipalities removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Greater Giyani Municipality

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Accounting Policies

1.5 Financial instruments (continued)

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are debited by the municipality directly to net assets, net of any related income tax benefit [where applicable]. Transaction costs incurred on residual interests is accounted for as a deduction from net assets, net of any related income tax benefit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the municipality currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the municipality does not offset the transferred asset and the associated liability.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the municipality assesses the classification of each element separately.

Finance leases - lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases - lessee

Operating leases are those leases that do not fall within the scope of the definition of a finance lease. The aggregate benefit of incentives of operating lease are recognised as a reduction of rental expense on a straight-line basis over the lease term.

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Accounting Policies

1.7 Inventories

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Inventories consisting of consumables stores, raw materials, work in progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

Unsold properties are valued at the lower of cost and net realisable value on a specific identification cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

1.8 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Accounting Policies

1.8 Impairment of cash-generating assets (continued)

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Accounting Policies

1.8 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Accounting Policies

1.8 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.9 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

Accounting Policies

1.9 Impairment of non-cash-generating assets (continued)

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Accounting Policies

1.9 Impairment of non-cash-generating assets (continued)

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.10 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the municipality during a reporting period, the municipality recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measure the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognise the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the municipality has no realistic alternative but to make the payments.

Retirement benefits

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Accounting Policies

1.10 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

When an employee has rendered service to the municipality during a reporting period, the municipality recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- actuarial gains and losses;

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

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Accounting Policies

1.10 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other post retirement obligations

The municipality offers various types of long service awards to its employees. The provision is to recognise the present value of the obligation as at the reporting date.

1.11 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 30.

1.12 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Measurement

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances.

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Accounting Policies

1.12 Revenue from exchange transactions (continued)

Service charges

Flat rate service charges relating to electricity which are based on consumption are metered and an estimate of consumption between the latest meter reading and the reporting date shall be recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- and;
- The amount of the revenue can be measured reliably.

Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed and are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made then recognised in the statement of financial performance in the invoicing period in which meters have been read.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

Revenue from the sale of electricity prepaid meter credit is recognised at the point of sale.

Interest

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset.

1.13 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Rates, including collection charges and penalties interest

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Rebates are respectively granted, to owners of land on which not more than two dwelling units are erected provided that such dwelling units are solely used for residential purposes. Additional relief is granted to needy, aged and/or disabled owners, based on income.

Assessment rates income is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties.

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.13 Revenue from non-exchange transactions (continued)

Government grants, transfers and donations

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Position at the earlier of the date of receipt or when the amount is receivable.

Stipulations can either be in the form of conditions or in the form of restrictions. For both conditions and restrictions a recipient may be required to use the transferred asset for a particular purpose. However the difference between a restriction and a condition is that a condition has an additional requirement which states that the asset or its future economic benefits or service potential should be returned to the transferor should the recipient not use the asset for the particular purpose stipulated.

When conditions are attached to a transferred asset, the municipality incurs a liability. The municipality has a present obligation to comply with the conditions of the asset or to return the economic benefits or service potential of the asset to the transferor when the conditions are not met. Therefore, when a recipient initially recognises an asset that is subject to a condition, the recipient also incurs a liability.

Restrictions on transferred assets arise when there is an expectation and/or understanding about the particular way that the assets will be used. However, there is no requirement that the transferred asset, or future economic benefits or service potential are to be returned to the transferor if the assets are not used as per the expectation or understanding. Thus, initially gaining control of an asset with restrictions does not impose a present obligation on the recipient and consequently no liability is recognised.

Contributed assets are recognised at fair value when the risks and rewards associated with such asset transfer to the Municipality.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Other

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

1.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established.

Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.15 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.16 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.17 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.18 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.19 Offsetting

Assets, liabilities, revenue and expenses have not been offset.

1.20 Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

1.21 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2013/07/01 to 2014/06/30.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Comparative information is not required.

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.22 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager as well as the Mayor and Councillors.

1.23 Value added tax

The municipality accounts for Value Added Tax on the payments basis.

1.24 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is raised.

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2014 or later periods:

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, states that no comparative segment information need to be presented on initial adoption of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, recognition requirements of this Standard would not apply to such items until the transitional provision in that Standard expires.

Directive 4 – Transitional provisions for medium and low capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment and the Standard of GRAP on Agriculture, the recognition requirements of the Standard would not apply to such items until the transitional provision in that standard expires.

The effective date of the standard is for years beginning on or after 01 April 2016.

The municipality expects to adopt the standard for the first time in the 2017 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 105: Transfers of functions between entities under common control

The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. It requires an acquirer and a transferor that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying the acquirer and transferor, Determining the transfer date, Assets acquired or transferred and liabilities assumed or relinquished, Accounting by the acquirer and transferor, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2014.

The municipality expects to adopt the standard for the first time in the 2015 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 106: Transfers of functions between entities not under common control

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2014.

The municipality expects to adopt the standard for the first time in the 2015 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 107: Mergers

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2014.

The municipality expects to adopt the standard for the first time in the 2015 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
 - the entity is controlled or jointly controlled by a person identified in (a); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is for years beginning on or after 01 April 2014.

The municipality expects to adopt the standard for the first time in the 2015 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP32: Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)**GRAP108: Statutory Receivables**

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

3. Inventories

Consumable stores	603 684	258 660
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Inventory has been valued using the weighted average method.

4. Trade and other receivables

Staff receivables (a)	948 456	62 564
Sundry receivables (b)	3 622 511	3 622 511
Agency fee - MDM (c)	1 826 797	1 502 139
Sundry receivables provision	(3 670 975)	(3 670 975)
	2 726 789	1 516 239

Greater Giyani Municipality

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4. Trade and other receivables (continued)

(a) Staff receivables

Staff receivables of R 48 464 relate to amounts owed by councillors arising from exceeding cellphone limits on the Vodacom group subscription. A cellphone contract with Vodacom was based on the cellphone allowances of councillors, but the contract was not implemented as agreed by the service provider to ensure that limits are not exceeded. The recovery of the amounts still owing is in progress.

An additional amount of R 855 817 relates to the overpayments of salaries to councillors. The amount is supposed to be paid back to the Municipality by councillors over the period of 6 months starting from July 2014. This is as per the council resolution taken by Greater Giyani Municipal Council.

(b) Sundry receivables

Gross sales	4 016 500	4 016 500
Cash received	(588 989)	(588 989)
Debtor for fraudulent bank transaction	195 000	195 000
	3 622 511	3 622 511

The gross sales and cash received of the sundry debtors relates to sale of stands through an auction during 2009. The balance of the funds regarding sale of stands is paid into attorneys trust account. The amount paid into attorneys to date is R1 191 992 and the auction commission fee is R419 919. The balance in this attorneys trust account is unknown. Due to the dispute with the auctioneer, the outstanding amount was never paid to the Municipality and as a result, it was provided for in full based on the credit control policy.

(c) Agency fee - MDM

The agency fee is equals to the 5% of the collection of water and sewer debt as per water service agreement with Mopani District Municipality.

Ageing Analysis per service category

Staff receivables

Current (0 - 30 days)	855 817	-
> 365 days	48 464	48 464
	904 281	48 464

Sundry receivables

> 365	3 622 511	3 622 511
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Agency fee-MDM

Current (0 - 30 days)	324 658	398 433
> 365	1 502 139	1 103 706
	1 826 797	1 502 139

Greater Giyani Municipality

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Figures in Rand	2014	2013
5. Consumer debtors		
Classified by service category		
Rates	55 780 923	43 834 791
Unclassified	44 124 650	44 124 650
Debtors with credit balance	1 493 143	1 202 019
Refuse	12 069 454	10 785 926
Interest	19 694 666	12 440 127
Housing rental	1 576 432	1 143 516
Cemetary charges	456 614	393 261
	135 195 882	113 924 290
Less: Allowance for impairment		
Total	(129 709 242)	(101 259 515)
Net balance	5 486 640	12 664 775
Ageing analysis per service category		
Rates		
Current (0 - 30 days)	821 857	1 903 179
31 - 60 days	1 055 099	1 810 476
61 - 90 days	192 434	1 991 513
91 - 120 days	1 676 188	2 233 923
121 - 365 days	8 272 724	9 566 094
> 365 days	43 834 792	26 334 879
	55 853 094	43 840 064
Interest		
Current (0 -30 days)	648 733	711 323
31 - 60 days	637 972	731 850
61 - 90 days	635 374	700 611
91 - 120 days	652 755	666 202
121 - 365 days	4 644 492	4 738 414
> 365 days	12 561 802	4 964 859
	19 781 128	12 513 259
Refuse		
Current (0 -30 days)	226 740	118 226
31 - 60 days	(252 833)	217 351
61 - 90 days	67 493	94 949
91 - 120 days	(49 406)	328 900
121 - 365 days	1 289 957	1 814 898
> 365 days	10 785 926	8 211 602
	12 067 877	10 785 926
Housing rental		
Current (0 -30 days)	31 540	25 106
31 - 60 days	24 866	27 827
61 - 90 days	30 508	29 277
91 - 120 days	30 018	27 729
121 - 365 days	269 305	237 994
> 365 days	1 143 116	795 184
	1 529 353	1 143 117

Greater Giyani Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2014	2013
5. Consumer debtors (continued)		
Cemetary charges		
Current (0 -30 days)	(33 329)	4 867
31 - 60 days	6 877	9 079
61 - 90 days	6 485	6 331
91 - 120 days	6 938	6 581
121 - 365 days	76 362	64 248
> 365 days	393 259	302 154
	-	393 260
Debtors with credit balance		
> 365 days	1 493 143	1 202 019
Unclassified		
> 365 days	44 124 650	44 124 650
Reconciliation of allowance for impairment		
Balance at beginning of the year	101 254 015	76 519 237
Contributions to allowance	28 449 727	24 734 778
	(129 703 742)	(101 259 515)

During the financial year an amount of R 44 124 650 relating to unclassified debtors were written off by the council of Greater Giyani Municipality. This amount was as a result of error occurred during the migration of data from Promise system to Pastel Evolution system. The amount was deemed unrecoverable by the council.

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Call investments deposits	50 915 140	48 598 138
Short-term deposits	231 473	220 620
Cashbook balance - primary	32 355 763	35 955 306
Cashbook balance - secondary	3 141 236	47 569
	86 643 612	84 821 633

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
Current Account - 62024288103 (FNB)	-	12 367 190	-	367 190
Current Account - 71032635579 (FNB)	229 335	218 497	231 423	220 620
Current Account - 4077078193 (ABSA)	32 355 943	36 087 998	32 355 763	35 588 116
Current Account - 4077078486 (ABSA)	3 141 648	47 543	3 141 236	47 543
Call Deposit - 4078155655 (ABSA)	22 656 267	21 632 329	22 747 563	21 712 347
Call Deposit - 4078155744 (ABSA)	28 054 640	26 786 725	28 167 627	26 885 799
Current Account - 62030539764 ((FNB)	-	-	-	18
Total	86 437 833	97 140 282	86 643 612	84 821 633

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand 2014 2013

7. Property, plant and equipment

	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Air conditioners	664 744	(329 201)	335 543	502 040	(253 544)	248 496
Buildings - Community	3 443 405	(437 383)	3 006 022	2 343 000	(386 713)	1 956 287
Buildings - Market and industrial	4 942 247	(329 483)	4 612 764	4 942 247	(164 742)	4 777 505
Buildings - Municipal and civic	60 105 028	(7 287 525)	52 817 503	41 832 004	(1 989 151)	39 842 853
Finance leased assets	1 121 335	(465 943)	655 392	1 121 335	(92 165)	1 029 170
Furniture and fixtures	1 599 155	(555 699)	1 043 456	1 302 802	(380 557)	922 245
IT equipment	2 738 755	(2 305 927)	432 828	2 738 755	(1 640 687)	1 098 068
Motor vehicles	4 904 225	(1 551 551)	3 352 674	3 720 330	(1 210 931)	2 509 399
Office equipment	1 258 128	(574 133)	683 995	1 026 732	(453 208)	573 524
Other equipment - (non-office)	3 910 675	(65 365)	3 845 310	117 000	(39 822)	77 178
Plant and machinery	7 638 166	(2 832 090)	4 806 076	7 638 166	(1 554 788)	6 083 378
Road infrastructure	237 649 724	(76 423 867)	161 225 857	194 787 598	(58 753 610)	136 033 988
Street lights	3 411 388	-	3 411 388	-	-	-
Sport and recreation facilities	21 934 442	(4 786 652)	17 147 790	17 773 881	(3 872 299)	13 901 582
Total	355 321 417	(97 944 819)	257 376 598	279 845 890	(70 792 217)	209 053 673

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Depreciation	Total
Air conditioners	248 496	162 705	(75 658)	335 543
Buildings - community	1 956 287	1 049 735	-	3 006 022
Buildings - Market and industrial	4 777 505	12 673	(177 414)	4 612 764
Buildings - Municipal and civic	39 842 853	13 667 486	(692 836)	52 817 503
Finance leased assets	1 029 170	-	(373 778)	655 392
Furniture and fixtures	922 245	290 343	(169 132)	1 043 456
IT equipment	1 098 068	-	(665 240)	432 828
Motor vehicles	2 509 399	1 183 895	(340 620)	3 352 674
Office equipment	573 524	231 396	(120 925)	683 995
Other equipment (non-office)	77 178	3 793 675	(25 543)	3 845 310
Plant and machinery	6 083 378	-	(1 277 302)	4 806 076
Road infrastructure	136 033 988	42 862 126	(17 670 257)	161 225 857
Street lights	-	3 411 388	-	3 411 388
Sport and recreation facilities	13 901 582	4 160 561	(914 353)	17 147 790
	209 053 673	70 825 983	(22 503 058)	257 376 598

Greater Giyani Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2014	2013
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7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Write-off/ Allocation	Depreciation	Total
Air conditioners	261 639	43 852	-	(56 995)	248 496
Buildings - community	2 006 957	-	-	(50 670)	1 956 287
Buildings - Market and industrial	4 942 247	-	-	(164 742)	4 777 505
Buildings - Municipal and civic	21 631 212	16 906 894	1 629 252	(324 505)	39 842 853
Finance leased assets	-	1 121 335	-	(92 165)	1 029 170
Furniture and fixtures	1 129 727	62 886	(93 839)	(176 529)	922 245
IT equipment	2 215 002	448 409	(1 156 340)	(409 003)	1 098 068
Motor vehicles	1 560 917	1 453 885	(266 200)	(239 203)	2 509 399
Office equipment	613 825	11 200	71 926	(123 427)	573 524
Other equipment (non-office)	89 667	43 348	(40 957)	(14 880)	77 178
Plant and machinery	6 369 441	2 178 654	(1 866 991)	(597 726)	6 083 378
Road infrastructure	130 948 783	22 217 101	-	(17 131 896)	136 033 988
Sport and recreation facilities	13 901 582	1 629 251	(805 273)	(823 978)	13 901 582
	185 670 999	46 116 815	(2 528 422)	(20 205 719)	209 053 673

Reconciliation of Work-in-Progress 2014

	Opening balance	Additions	Changes and other movements	Total
Road related infrastructure	19 448 073	42 862 125	(9 557 712)	52 752 486
Land and buildings - Municipal	17 255 370	16 359 143	(11 665 501)	21 949 012
Sport and Recreation facilities	1 629 251	2 531 310	(4 160 561)	-
	38 332 694	61 752 578	(25 383 774)	74 701 498

Reconciliation of Work-in-Progress 2013

	Opening balance	Additions	Changes and other movements	Total
Road related infrastructure	1 251 539	22 217 101	(4 020 567)	19 448 073
Land and buildings - Municipal	13 033 147	16 906 894	(12 684 671)	17 255 370
Sport and Recreation facilities	-	1 629 251	-	1 629 251
	14 284 686	40 753 246	(16 705 238)	38 332 694

Land owned by the Municipality

Included in the Land and buildings is an amount of R 2 645 328 for land that belongs to the municipality. The breakdown of that land is as follows:

Land Civic	528 115	528 115
Land Community	822 900	822 900
Land Recreation Facilities	1 294 313	1 294 313
	2 645 328	2 645 328

Greater Giyani Municipality

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Figures in Rand	2014	2013
8. Finance lease obligation		
Minimum lease payments due		
- within one year	599 882	599 882
- in second to fifth year inclusive	449 912	1 049 794
	1 049 794	1 649 676
less: future finance charges	(265 623)	(585 015)
Present value of minimum lease payments	784 171	1 064 661

Finance Lease obligation relates to computers. The lease period is for 3 years (36 months) commencing from 1 April 2013 to 31 March 2016.

9. Trade and other payables (from non-exchange transactions)

Trade payables	23 295 718	10 165 630
Accrued bonus	2 079 767	2 160 941
Payroll creditors	(11 301 472)	(895 418)
Unspecified direct deposits	393 672	248 003
Inter-municipal account (MDM) *	3 329 750	3 891 448
Accrued leave	11 326 577	9 482 972
	29 124 012	25 053 576

Inter-municipal account (MDM) *

The water services function is ringfenced on the account of MDM which is the water services authority. Revenue earned, net of agency fees, and transfers received are credited to the inter-municipal control account, while all expenses incurred are charged to the same control account. The net effect of all the balances arising from water services related transactions is a credit amount of:

Gross revenue - water	61 568 231	50 685 289
Gross revenue - sewerage	10 710 442	8 398 854
Gross revenue - Interest	13 291 220	8 619 635
Overheads - water	(71 287 086)	(53 203 632)
Overheads - sewerage	(9 305 660)	(7 626 025)
Water debtors ex GGM - Water	(37 866 552)	(30 459 783)
Water debtors ex GGM - Sewerage	(7 020 160)	(5 875 920)
Water debtors ex GGM - Interest	(12 670 642)	(8 098 451)
Trade creditors	46 217	29 115
Inventory	(3 055)	(3 055)
Accrued leave	521 685	560 739
Accrued bonus	105 414	95 173
Long service award	392 261	354 429
Post retirement medical contribution	847 460	313 436
Provision for bad doubtful debts	53 999 975	40 101 644
	3 329 750	3 891 448

10. VAT payable

Output VAT	10 278 547	7 664 797
Input VAT supplies	(25 819 895)	(10 459 888)
VAT recoveries	16 973 128	5 905 834
	1 431 780	3 110 743

Greater Giyani Municipality

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Figures in Rand	2014	2013
11. Unspent conditional grants		
Municipal Infrastructure Grant (MIG)	2 268 709	11 779 610
Financial Management Grant (FMG)	-	447 618
Unspent balance at the end of the year	2 268 709	12 227 228
Municipal Infrastructure Grant (MIG)		
Opening balance at beginning of the year	11 780 000	10 730 882
Current receipts	47 115 000	36 331 000
Conditions met - transferred to income	(56 626 291)	(35 282 272)
Conditions still to be met - transferred to liabilities	2 268 709	11 779 610
National Electrification Grant (INEG)		
Current receipts	8 000 000	-
Conditions met - transferred to income	(8 000 000)	-
Conditions still to be met - transferred to liabilities	-	-
Financial Management Grant (FMG)		
Opening balance at beginning of the year	447 618	297 645
Not approved	(447 618)	-
Current receipts	1 550 000	1 500 000
Conditions met - transferred to income	(1 550 000)	(1 350 027)
Conditions still to be met - transferred to liabilities	-	447 618
Municipal System Improvement Grant (MSIG)		
Current receipts	890 000	800 000
Conditions met - transferred to income	(890 000)	(800 000)
Conditions still to be met - transferred to liabilities	-	-

Greater Giyani Municipality

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Figures in Rand	2014	2013
12. Retirement benefit obligation		
The amounts recognised in the statement of financial position are as follows:		
Long service award / bonus		
Opening balance	3 776 104	5 338 346
Service costs	1 278 271	399 916
Interest cost	273 564	403 273
Actuarial gain / loss	(192 820)	(2 069 008)
Benefit paid	(296 423)	(296 423)
	4 838 696	3 776 104
Post retirement benefit obligation		
Opening balance	8 338 361	4 187 498
Service cost	928 241	357 590
Interest cost	791 147	353 153
Actuarial gain / loss	3 405 688	3 440 120
	13 463 437	8 338 361
Less: Water and Sewer	(1 239 721)	(667 866)
Total balance	17 062 412	11 446 599
The Post-Retirement Healthcare Liability represents the obligation of the municipality to meet the medical aid contributions of retired employees. The amount of the liability is the present value of the obligation less the fair value of any plan assets held in respect of the post-retirement medical scheme. There are no plan assets in this valuation.		
The Municipality outsourced the actuarial value assistance of service provider for the purpose of the valuation. (Arch Actuarial Consulting). The valuation was done for the entire reporting period.		
The valuation was done for all the employees attached to Greater Giyani Municipality. The Portion relating to water and sewer employees was transferred to Mopani District Municipality.		
13. Accumulated surplus		
Balance at the beginning of the year	255 412 174	214 397 621
Surplus / deficit for the year	46 306 837	41 014 553
Balance at the end of the year	301 719 011	255 412 174
14. Service charges		
Service charged	3 830 578	3 932 359
15. Property rates		
Rates received		
Property rates billed	27 155 717	28 318 113
Valuations		
Residential	1 534 354 233	1 489 465 650
Government	681 437 609	647 712 809
Business	395 094 550	327 727 723
Church	16 031 020	15 482 650
Industrial	26 711 606	26 711 606
	2 653 629 018	2 507 100 438

Greater Giyani Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2014	2013
16. Government grants and subsidies		
Operating grants		
LGSETA	119 638	87 850
PSETA	168 000	168 000
Municipal Systems Improvement Grant (MSIG)	890 000	800 000
Expanded public works (EPWP)	1 000 000	1 000 000
Finance Management Grant (FMG)	1 550 000	1 350 027
Equitable share	147 657 000	132 615 000
	151 384 638	136 020 877
Capital grants		
National Electrification Grant (INEG)	8 000 000	-
Municipal Infrastructure Grant (MIG)	56 626 290	35 282 273
	64 626 290	35 282 273
	216 010 928	171 303 150

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy of R (2013: R 6 820 679), which is funded from the grant.

17. Rental of facilities and equipment

Premises

Rental of facilities - premises	687 071	577 208
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Facilities and equipment

Rental of other facilities and equipment	151 706	196 535
	838 777	773 743

18. Other income

Building plans	116 080	86 751
Clearance certificates	11 196	9 717
Confirmation letters	269 131	213 375
Escort fees	76 200	439
Other income	265 561	279 278
Registration and transfers	77 306	80 760
Registration of suppliers	63 877	60 497
Re-issue of statements	7 637	6 556
Rental income - houses	1 316	7 807
Sale of grave plots	56 367	46 370
Sale of refuse bins	1 662	1 597
Sale of tender documents	235 023	329 300
Sewer unblocking	15 931	35 027
Sewer connection	11 065	10 806
Water connection	13 394	7 277
	1 221 746	1 175 557

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
19. General expenses		
Advertising	281 575	310 564
Auditors remuneration	2 157 527	2 056 275
Cellphones	561	(10 432)
Consulting and professional fees	6 672 898	7 699 444
Consumables	803 123	592 105
Donations	42 250	32 000
Entertainment	26 609	27 315
IT expenses	766 745	542 482
Lease rentals on operating lease	373 545	236 010
Magazines, books and periodicals	27 489	14 967
Medical expenses	156 740	-
Motor vehicle expenses	1 784 947	1 381 866
Postage and courier	595 302	587 554
Printing and stationery	227 270	182 629
Special programmes	521 889	295 685
Other expenses	6 038 970	6 260 037
Subscriptions and membership fees	845 715	762 128
Telephone and fax	872 804	980 378
Training	831 751	797 086
Travel - local	3 992 494	2 558 850
General programmes	1 714 930	1 333 540
Project costs expensed	9 479 233	211 237
Electricity	1 564 203	1 533 172
Sewerage and waste disposal	(132 708)	1 669 354
Uniforms	418 964	208 123
free basic services to indigent communities	6 878 438	6 208 624
Fixed assets written off	-	2 528 424
	46 943 264	38 999 417

Projects relating to electricity are not capitalised by the municipality.

20. Employee related costs

Basic	54 400 005	47 671 595
Bonus	3 942 204	3 490 758
Medical aid - company contributions	1 843 091	1 494 545
UIF	348 499	413 247
SALGA	184 152	26 681
Post retirement benefits	2 045 347	689
Defined contribution plans	15 646 724	13 316 225
Overtime payments	1 564 398	917 351
Long-service awards	2 211 271	438 698
Acting allowances	168 707	591 707
Car allowance	4 437 934	2 835 394
Housing benefits and allowances	157 262	153 144
Cellphone allowance	356 330	323 250
Other employee costs	1 914 360	647 865
Clothing allowance	5 000	5 000
Other allowances	81 035	44 766
Standby allowance	93 723	31 950
	89 400 042	72 402 865

Greater Giyani Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2014	2013
20. Employee related costs (continued)		
Remuneration of accounting officer: GI Masingi		
Annual Remuneration	863 006	786 883
Car Allowance	97 500	97 500
Cellphone allowance	20 628	20 628
Contributions to UIF, Medical and Pension Funds	1 785	1 713
	982 919	906 724
Remuneration of chief finance officer: RH Maluleke		
Annual Remuneration	574 176	572 119
Car Allowance	288 000	211 294
Cellphone allowance	13 752	13 752
Contributions to UIF, Medical and Pension Funds	58 328	1 713
	934 256	798 878
Remuneration of corporate services director: NS Simango		
Annual Remuneration	514 123	569 389
Car Allowance	174 556	174 556
Cellphone allowance	13 752	13 752
Contributions to UIF, Medical and Pension Funds	209 995	1 713
	912 426	759 410
Remuneration of technical services director: P Mathebula		
Annual Remuneration	492 000	323 522
Acting allowance	-	228 692
Car Allowance	328 000	70 000
Cellphone allowance	13 752	9 096
Contributions to UIF, Medical and Pension Funds	13 585	94 242
Performance Bonuses	-	27 759
	847 337	753 311
Remuneration of acting community services director: NS Mabundza		
Annual Remuneration	365 499	330 342
Acting allowance	44 606	212 048
Annual bonus	30 458	-
Car Allowance	131 836	70 000
Cellphone allowance	8 250	10 392
Housing assistance	5 736	6 132
Long service bonus	-	33 553
Contributions to UIF, Medical and Pension Funds	116 928	80 613
	703 313	743 080
Remuneration of strategic planning director: NS Hoaeane		
Annual Remuneration	534 967	583 983
Car Allowance	155 813	155 813
Cellphone allowance	12 996	12 996
Contributions to UIF, Medical and Pension Funds	107 121	1 713
	810 897	754 505

Greater Giyani Municipality

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Figures in Rand 2014 2013

21. Remuneration of councillors

	Basic	Pension	Travelling allowance	Data allowance	Cellphone allowance	Total
MP Hlungwani	479 561	71 934	159 854	3 396	18 746	733 491
NM Maswanganyi	383 649	57 547	127 883	3 396	18 746	591 221
JT Chavalala	366 522	54 978	122 174	3 396	18 746	565 816
PP Makhubele	342 087	51 313	114 029	3 396	18 746	529 571
NHP Ndaba	366 522	54 978	122 174	3 396	18 746	565 816
NM Rikhotso	366 522	54 978	122 174	3 396	18 746	565 816
NR Khandhela	201 587	30 238	67 196	3 396	18 746	321 163
KA Manganyi	201 587	30 238	67 196	3 396	18 746	321 163
TE Baloyi	201 587	30 238	67 196	3 396	18 746	321 163
XJ Valoyi	201 587	30 238	67 196	3 396	18 746	321 163
GA Maluleke	201 587	30 238	67 196	3 396	18 746	321 163
MA Makamu	201 587	30 238	67 196	3 396	18 746	321 163
HD Shivambu	146 608	21 992	48 869	3 396	18 746	239 611
SS Mathebula	146 608	21 992	48 869	3 396	18 746	239 611
HJ Manganye	146 608	21 992	48 869	3 396	18 746	239 611
EN Mabunda	146 608	21 992	48 869	3 396	18 746	239 611
MJ Ndlovu	146 608	21 992	48 869	3 396	18 746	239 611
PY Matukane	146 608	21 992	48 869	3 396	18 746	239 611
W Baloyi	146 608	21 992	48 869	3 396	18 746	239 611
MJ Makhubela	146 608	21 992	48 869	3 396	18 746	239 611
GE Kobane	146 608	21 992	48 869	3 396	18 746	239 611
M Shiviti	146 608	21 992	48 869	3 396	18 746	239 611
MS Maswanganye	146 608	21 992	48 869	3 396	18 746	239 611
SH Fuela	146 608	21 992	48 869	3 396	18 746	239 611
SH Vukeya	146 608	21 992	48 869	3 396	18 746	239 611
RO Mabasa	146 608	21 992	48 869	3 396	18 746	239 611
AM Ngobeni	146 608	21 992	48 869	3 396	18 746	239 611
B Gaveni	146 609	21 992	48 869	3 396	18 746	239 612
TA Makhubele	146 609	21 991	48 869	3 396	18 746	239 611
MT Sambo	146 609	21 991	48 869	3 396	18 746	239 611
TN Mavasa	146 609	21 991	48 869	3 396	18 746	239 611
PP Mkhari	146 609	21 991	48 869	3 396	18 746	239 611
MG Makhubele	146 609	21 991	48 869	3 396	18 746	239 611
DE Baloyi	146 609	21 991	48 869	3 396	18 746	239 611
GE Sithole	146 609	21 991	48 869	3 396	18 746	239 611
MW Mthombeni	146 609	21 991	48 869	3 396	18 746	239 611
AM Mthombeni	146 609	21 991	48 869	3 396	18 746	239 611
MI Shimange	146 609	21 991	48 869	3 396	18 746	239 611
TR Maluleke	146 609	21 991	48 869	3 396	18 746	239 611
NP Mhlono	146 609	21 991	48 869	3 396	18 746	239 611
TC Manganyi	146 609	21 991	48 869	3 396	18 746	239 611
HR Shivambu	146 609	21 991	48 869	3 396	18 746	239 611
TJ Moshwana	146 609	21 991	48 870	3 396	18 746	239 612
ZR Maswanganyi	146 609	21 991	48 870	3 396	18 746	239 612
HB Ntimana	146 609	21 991	48 870	3 396	18 746	239 612
MP Makhubele	146 609	21 991	48 870	3 396	18 746	239 612
HH Makhubele	146 609	21 991	48 870	3 396	18 746	239 612
MD Hlungwani	146 609	21 991	48 870	3 396	18 746	239 612
MJ Mathebula	146 609	21 991	48 870	3 396	18 746	239 612
TC Zitha	146 609	21 991	48 870	3 396	18 746	239 612
A Rikhotso	146 609	21 991	48 870	3 396	18 746	239 612
HI Baloyi	146 609	21 991	48 870	3 396	18 746	239 612
BM Makhubele	146 609	21 991	48 870	3 396	18 746	239 612
WW Mhlono	146 609	21 991	48 870	3 396	18 746	239 612

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21. Remuneration of councillors (continued)						
MQ Rikhotso	146 609	21 991	48 870	3 396	18 746	239 612
JH Bilankulu	146 609	21 991	48 870	3 396	18 746	239 612
S Makhubele	146 609	21 991	48 870	3 396	18 746	239 612
BM Khosa	146 609	21 991	48 870	3 396	18 746	239 612
SS Maswanganyi	146 609	21 991	48 870	3 396	18 746	239 612
MC Modjela	146 609	21 991	48 870	3 396	18 746	239 612
	10 551 602	1 582 740	3 517 194	203 760	1 124 760	16 980 056

In-kind benefits

The Mayor, Speaker, Chief Whip and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Mayor has use of a Council owned vehicle for official duties.

22. Debt impairment

Contributions to debt impairment provision	28 449 727	28 771 352
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All debtors balances aged above 120 days are considered doubtful, and a provision is raised in respect thereof. The provision is raised at cost.

23. Interest received

Interest revenue

Interest on investments	5 784 133	5 160 815
Interest on outstanding debtors	7 293 177	7 561 280
	13 077 310	12 722 095

24. Depreciation

Property, plant and equipment	22 503 056	20 205 719
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25. Finance costs

Bank	514 286	278 387
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26. Auditors' remuneration

Auditor General Audit fees	2 157 527	2 056 275
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27. Contracted services

Insurance	426 898	308 095
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Greater Giyani Municipality

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28. Cash generated from operations		
Surplus	46 306 837	41 014 553
Adjustments for:		
Depreciation	22 503 056	20 205 719
Debt impairment	28 449 727	-
Movements in retirement benefit assets and liabilities	5 615 813	-
Changes in working capital:		
(Decrease) / Increase in Inventories	(345 024)	(75 918)
(Decrease) / Increase in Trade and other receivables	(1 210 550)	3 063 442
(Decrease) / Increase in Consumer debtors	(21 271 592)	(4 487 173)
Trade and other payables (from non-exchange transactions)	4 070 436	1 058 094
(Decrease) / Increase in VAT	(1 678 963)	(937 159)
(Decrease) / Increase in Short term investment	-	(12 905)
(Decrease) / Increase in Unspent conditional grants	(9 511 288)	1 199 700
(Decrease) / Increase in Long term provision	-	2 505 492
	72 928 452	63 533 845
29. Commitments		
Authorised capital expenditure		
Approved and contracted for		
• Testing station upgrade: B to A	-	484 018
• Civic centre phase 2	-	5 704 940
• Servicing of sites	-	891 546
• Giyani section E gravel to tar	-	770 881
• Regravelling of Mphakane access road	152 497	796 556
• Ngove tarring of streets	-	86 585
• Maswanganyi access road to grave yard	-	1 370 397
• Nkuri (Zamani) access road	175 071	421 848
• Sikhunyane access road	-	245 301
• Sec A nyagelani upgrading of streets	-	1 040 804
• Tourism information centre access road	-	2 151 447
• Shivulani sports centre	-	1 870 749
• Palisade fencing of community hall	-	899 595
• Giyani section E street lights	-	2 053 084
	327 568	18 787 751
Not yet contracted for and authorised by accounting officer		
• Electrification of villages: Homu 14 & Ndengeza	-	4 771 944
• Electrification of villages: Makhuvha & Mphagani 14 & Ndengeza	-	5 064 741
• Rehabilitation of streets & storm water in Giyani CBD	-	1 187 243
• Homu 14b Sports Centre	3 000 000	-
• Giyani Section E Sports Centre	1 000 000	-
• Nkomo B Upgrading from gravel to tarr	600 000	-
• Mbaula Upgrading from gravel to tarr	600 000	-
	5 200 000	11 023 928
Total commitments	5 527 568	29 811 679

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2013

30. Contingencies

Contingent liabilities

The municipality has various claims of legal disputes with suppliers that are subject to mediation or legal process.

The table below indicates the details of claims referred above:

Name of the case	Description	Legal representatives	Current status	Litigation amount R
GGMUN V/S TT Ngobeni	The matter is concerning extension of structure at market stall without approval of municipality	Modjadji - Raphesu	Received court interdict, we are now awaiting trial date	45 000
GGMUN V/S Nkonyane R	The matter is concerning structure as an illegal extension of market stall	Modjadji - Raphesu	Received court interdict, we are now awaiting trial date	45 000
GGMUN V/S Kalusi Makamu	GGMUN V/S Kalusi Makamu and 10 unknown illegal occupiers at section E 65 next to 497	Modjadji - Raphesu	New instruction given to the attorney to proceed with the matter	65 000
GGMUN V/S Unlawful occupiers of land	GGMUN V/S Unlawful occupiers of land on the western side of section E Giyani	Popela-Maake attorneys	Finalized eviction order granted and structures were demolished	300 000
GGM V/S Fickson Hlungwani	Operation of carwash in the municipal area without the municipality's consent	Mushwana Incorporated	New attorney appointed and instruction given to the attorney to proceed with the matter	30 000
GGMUN V/S Maselesele	GGMUN V/S Maselesele land claim within the CBD	Popela-Maake attorneys	Awaiting trial date	3 000 000
Malakubela construction	Service provider is suing the municipality for services rendered	MC Baloyi Attorneys	Finalised. Settlement in terms of the contract amount was reached	270 000
Knowledge Ngobeni V/S GGM Plaintiff	Knowledge Ngobeni V/S GGM Plaintiff issued summons against the Municipality for an amount of R 900 000 for structure demolished at site 1947 and 1948 F	Modjadji - Raphesu	Pre-trial conference held on 22/03/2013. Waiting for trial date	900 000
Vusi Koti Art V/S GGM	Vusi Koti Art V/S GGM Plaintiff issued summons against the municipality for amount on designing a municipal logo	Modjadji-Raphesu	Finalised. Settlement was reached between the parties	135 000
Telkom V/S GGM	Telkom sued the municipality the amount of R 27 000 for damages suffered	MC Baloyi Attorneys	Finalised. Matter struck off the roll	90 000
Rhulani VS. GGM	Rhulani VS. GGM Plaintiff suing the municipality for damages she suffered as she fell in the drain	MC Baloyi Attorneys	Finalised, the parties reached settlement	300 000

Greater Giyani Municipality

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30. Contingencies (continued)

Hlohloli developments VS. GGM	Suing the municipality for transfer of site	NAM-FORD INC	Notice to oppose filled	(450 000)
Telkom SA VS. Greater Giyani Municipality	Telkom sued the municipality the amount of R 27000 for damages suffered	No Attorney appointed	Matter withdrawn	27 000
				<u>5 657 000</u>

31. Related parties

Relationships

Members of key management

RH Maluleke
NS Hoaeane
P Mathebula
NS Mabundza
NS Simango
GI Masingi

Mopani District Municipality

Mopani District Municipality signed a Service Level Agreement for water and sewerage with all its Local Municipalities including Greater Giyani Municipality. The agreement indicates that all water related transactions should be reconciled and transferred to the District. This means that all the billings, collections, expenses, salaries, assets and liabilities should be transferred. The transactions will have to be reconciled and locals are entitled to 5% commission on collections.

Key personnel

The salaries and benefits of all the section 57/56 Managers are treated as related party transactions due to the nature of their work and the responsibilities.

Refer to note 21 of the Employee related costs for remuneration details of Section 57 Managers.

Compensation to accounting officer and other key management

Defined contribution plans	9 000	9 000
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32. Prior period errors

The correction of the error(s) results in adjustments as follows:

Property, plant and equipment

Statement of financial position

Previously reported	-	241 275 076
Adjustments	-	(2 767 711)
Reinstated amount	-	<u>238 507 365</u>

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
32. Prior period errors (continued)		
Accumulated Depreciation		
Previously reported	-	(53 233 135)
Accumulated surplus adjustments	-	295 271
Reinstated amount	-	(52 937 864)
Net impact to Accumulated surplus (Increase)	-	(2 472 440)

During the 2012 financial year the Municipality identified Assets that were auctioned and never removed from the books, assets on the floor not on the Assets register (Fair valued) and review of useful lives for PPE. All this required adjustments to be corrected in terms of GRAP 3.

Accumulated surplus

Statement of financial position

Previously reported	-	214 462 987
Adjustments	-	475 203
Reinstated amount	-	214 938 190
Net impact to Accumulated surplus (Increase)	-	(475 203)

During the year adjustments to the accumulated surplus has to be made to correct reconciling items in the bank reconciliation. The amounts affect a number of accounts on the income statements hence the accumulated surplus was adjusted.

33. Risk management

Financial risk management

This note presents information about the entity's exposure to each of the financial risks below and the entity's objectives, policies and processes for measuring and managing financial risks. Further quantitative disclosures are included throughout the Annual Financial Statements.

The Council has overall responsibility for the establishment and oversight of the entity's risk management framework.

The municipality's audit committee oversees the monitoring of compliance with the entity's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the entity. The audit committee is assisted in its oversight role by the municipality's internal audit function.

The municipality monitors and manages the financial risks relating to the operations of the municipality through internal risk reports which analyse exposures by degree and magnitude of risks. The municipality has exposure to the following financial risks from its use of financial instruments:

- Liquidity risk
- Market risk (including interest rate risk and price risk)
- Credit risk

The municipality seeks to minimise the effects of these risks in accordance with the municipality's policies approved by the Council. The policies provide written principles on foreign exchange risk, interest rate risk, credit risk and in the investment of excess liquidity.

Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The municipality does not enter into or trade in financial instruments for speculative purposes.

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
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33. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The municipality's exposure to liquidity risk is a result of the funds available to cover future commitments. The municipality manages liquidity risk through ongoing review of commitments.

The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The municipality has not defaulted on external loans, payables and lease commitment payments being either interest or capital and no re-negotiation of terms were made on any of these instruments.

Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. The entity's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. The entity's exposures to interest rates on financial assets and financial liabilities are detailed below.

At year end, financial instruments exposed to interest rate risk were as follows:

- Call and notice deposits.

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the economic entity to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. The municipality's policy is to make as far as possible use of fixed rate instruments. During 2011 and 2010, the municipality's borrowings at variable rate were denominated in the Rand.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2014	2013
Cash and cash equivalents	86 643 612	84 821 633
Trade and other receivables	2 726 789	1 516 239

These balances represent the maximum exposure to credit risk.

34. Fruitless and wasteful expenditure

Opening balance	41 000	2 512
Current year disclosures	2 968	38 488
	43 968	41 000

Interest charged on outstanding Eskom and Telkom accounts.

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
35. Irregular expenditure		
Opening balance	7 100 947	1 273 482
Current year disclosures	7 158 332	5 827 465
	14 259 279	7 100 947

The irregular expenditure as disclosed came as a result of the Municipality deviating from the normal procurement processes.

36. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

In terms of section 36 / MFMA regulations, any deviation from the SCM policy should be approved or condoned by the accounting officer.

Incident

Disclosures are hereunder made in terms of the MFMA (section 114), in terms whereof if a tender other than the one recommended in the normal course of implementing the SCM policy is approved, the accounting officer must, in writing, notify Auditor-General, the relevant Provincial Treasury and National Treasury of the reasons for deviating from such recommendations. With regards to the current year, the deviations were tabled to Council and the relevant offices duly notified in writing.

SALGA

Current year SALGA deductions	70 803	49 825
Amount paid - current year	(70 803)	(49 825)
	-	-

PAYE and UIF

Current year fee	13 249 039	12 158 244
Amount paid - current year	(13 249 039)	(12 158 244)
	-	-

Pension and Medical Aid Deductions

Current year fee	20 305 312	17 026 353
Amount paid - current year	(20 305 312)	(17 026 353)
	-	-

Audit fees

Auditor General	2 157 527	2 056 275
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Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
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36. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2014:

30 June 2014

	Highest outstanding amount R	Highest outstanding amount R
HJ Bilankulu	-	822
GA Maluleke	-	905
KA Manganyi	9 595	6 101
MI Shimange	9 867	8 330
PP Makhubele	4 388	3 605
TE Baloyi	4 656	654
YM Matukane	6 619	2 570
NM Rikhotso	-	2 691
MA Makamu	1 629	764
WW Mhlongo	9 120	4 545
	45 874	30 987

Appendix B

Analysis of property, plant and equipment as at 30 June 2012

Cost/Revaluation						Accumulated depreciation							
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand

Land and buildings

Land (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-

Infrastructure

Roads, Pavements & Bridges	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm water	-	-	-	-	-	-	-	-	-	-	-	-	-
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastrucutur)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-

Community Assets

Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix B

Analysis of property, plant and equipment as at 30 June 2012

Cost/Revaluation						Accumulated depreciation							
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand

Heritage assets

Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-

Specialised vehicles

Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-

Other assets

General vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix B

Analysis of property, plant and equipment as at 30 June 2012

Cost/Revaluation						Accumulated depreciation							
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand

Total property plant and equipment

Land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-

Agricultural/Biological assets

Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-

Intangible assets

Computers - software & programming	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-

Investment properties

Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-

Total

Land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix B

Analysis of property, plant and equipment as at 30 June 2011

Cost/Revaluation						Accumulated depreciation							
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand

Land and buildings

Land (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-

Infrastructure

Roads, Pavements & Bridges	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm water	-	-	-	-	-	-	-	-	-	-	-	-	-
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastrucur)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-

Community Assets

Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix B

Analysis of property, plant and equipment as at 30 June 2011

Cost/Revaluation						Accumulated depreciation							
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand

Heritage assets

Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-

Specialised vehicles

Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-

Other assets

General vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix B

Analysis of property, plant and equipment as at 30 June 2011

Cost/Revaluation						Accumulated depreciation							
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand

Total property plant and equipment

Land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-

Agricultural/Biological assets

Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-

Intangible assets

Computers - software & programming	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-

Investment properties

Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-

Total

Land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix C

Segmental analysis of property, plant and equipment as at 30 June 2010	
Cost/Revaluation	Accumulated Depreciation
<p>Land and buildings</p> <p>Cost</p> <p>Revaluation</p>	<p>Accumulated Depreciation</p>

[illegible]

Appendix C

Segmental analysis of property, plant and equipment as at 30 June 2010

Cost/Revaluation						Accumulated Depreciation							
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand

Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix D

	Prior Year	Current Year
Segmental Statement of Financial Performance for the year ended		

[illegible]

Appendix D

Segmental Statement of Financial Performance for the year ended

Prior Year			Current Year			
Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
			Rand			
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-	Total	-	-	-

Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2010

	Current year 2013 Act. Bal.	Current year 2013 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
	Rand	Rand	Rand		
Revenue					
Sale of goods	-	-	-	-	(Explanations to be recorded)
Sale of goods in agricultural activities	-	-	-	-	
Rendering of services	-	-	-	-	
Rendering of services in agricultural activities	-	-	-	-	
Property rates	-	-	-	-	
Service charges	3 830 578	-	3 830 578	-	
	-	-	-	-	
	-	-	-	-	
Sales of housing	-	-	-	-	
Construction contracts	-	-	-	-	
Royalty income	-	-	-	-	
Rental of facilities and equipment	842 763	-	842 763	-	
Interest received (trading)	-	-	-	-	
Dividends received	-	-	-	-	
Income from agency services	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
Licences and permits	3 818 943	-	3 818 943	-	
	-	-	-	-	
Municipal Revenue UD1	-	-	-	-	
Municipal Revenue UD2	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
Miscellaneous other revenue	-	-	-	-	
Administration and management fees received	-	-	-	-	
Fees earned	-	-	-	-	
Commissions received	-	-	-	-	
Royalties received	-	-	-	-	
Rental income	-	-	-	-	
Discount received	-	-	-	-	
Recoveries	-	-	-	-	
Other income 1	-	-	-	-	
Other income 2	-	-	-	-	
Financial instruments - Fee income	-	-	-	-	
Other income - (rollup)	9 824 827	-	9 824 827	-	
Other farming income 1	-	-	-	-	
Other farming income 2	-	-	-	-	
Other farming income 3	-	-	-	-	
Other farming income 4	-	-	-	-	
Other farming income	-	-	-	-	
Government grants	-	-	-	-	
Interest received - investment	12 862 224	-	12 862 224	-	
Interest received - other	-	-	-	-	
Dividends received	-	-	-	-	
	31 179 335	-	31 179 335	-	

Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2010

	Current year 2013 Act. Bal.	Current year 2013 Adjusted budget	Variance	Explanation of Significant Variances greater than 10% versus Budget
Expenses				
Personnel	(89 400 044)	-	(89 400 044)	-
Manufacturing - Employee costs	-	-	-	-
Remuneration of councillors	(16 980 056)	-	(16 980 056)	-
Administration	-	-	-	-
Transfer payments	-	-	-	-
Depreciation	(373 778)	-	(373 778)	-
Impairment	-	-	-	-
Amortisation	-	-	-	-
Impairments	-	-	-	-
Reversal of impairments	-	-	-	-
Finance costs	(514 286)	-	(514 286)	-
Debt impairment	(28 449 727)	-	(28 449 727)	-
Collection costs	-	-	-	-
Repairs and maintenance	-	-	-	-
- Manufacturing expenses	-	-	-	-
Repairs and maintenance	(58 367 749)	-	(58 367 749)	-
- General	-	-	-	-
Repairs and maintenance	-	-	-	-
- General	-	-	-	-
Bulk purchases	-	-	-	-
Contracted Services	(426 898)	-	(426 898)	-
Grants and subsidies paid	-	-	-	-
Cost of housing sold	-	-	-	-
General Expenses	(68 094 088)	-	(68 094 088)	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
	(262 606 626)	-	(262 606 626)	-
Other revenue and costs				
Gain or loss on disposal of assets and liabilities	-	-	-	-
Gain or loss on exchange differences	-	-	-	-
Fair value adjustments	-	-	-	-
Gains or losses on biological assets and agricultural produce	-	-	-	-
Income from equity accounted investments	-	-	-	-
Gain or loss on disposal of non-current assets held for sale or disposal groups	-	-	-	-
Taxation	-	-	-	-

Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2010

	Current year 2013 Act. Bal.	Current year 2013 Adjusted budget	Variance	Explanation of Significant Variances greater than 10% versus Budget
Discontinued operations	-	-	-	-
Net surplus/ (deficit) for the year	(231 427 291)	-	(231 427 291)	-

Appendix E(2)

Budget Analysis of Capital Expenditure as at 30 June 2010

	Additions	Revised Budget	Variance	Variance	Explanation of significant variances from budget
	Rand	Rand	Rand	%	
Municipality					
Executive & Council/Mayor and Council	-	-	-	-	
Finance & Admin/Finance	-	-	-	-	
Planning and Development/Economic Development/Plan	-	-	-	-	
Health/Clinics	-	-	-	-	
Comm. & Social/Libraries and archives	-	-	-	-	
Housing	-	-	-	-	
Public Safety/Police	-	-	-	-	
Sport and Recreation	-	-	-	-	
Environmental Protection/Pollution Control	-	-	-	-	
Waste Water Management/Sewerage	-	-	-	-	
Road Transport/Roads	-	-	-	-	
Water/Water Distribution	-	-	-	-	
Electricity /Electricity Distribution	-	-	-	-	
Other/Air Transport	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
Municipal Owned Entities					
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
Other charges					
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	

Appendix F
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes/ No	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		No	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.